M e m o r a n d u m

To:	Panel Members	Date:	September 26, 2001
From:	Ron Tagami, Manager Peter DeMauro, General Counsel	File:	cardservice.130agr
Subject:	One Step Agreement for **Cardservice International, Inc.** www.cardservice.com		

CONTRACTOR:

- Training Project Profile: Retraining: companies w/out-of-state competition

- Legislative Priorities: Moving to a High Performance Workplace

- Type of Industry: Services

- Repeat Contractor: No

- Contractor's Full Time Employees:

    Company Wide: 808

    In California: 796

- Fringe Benefits: Yes

- Union Representation: No

- Name and Local Number of Union
  representing workers to be Trained: NA

CONTRACT:

- Program Costs: $1,031,590

- Substantial Contribution: $0

- Total ETP Funding: $1,031,590

- In-Kind Contribution: $1,76,562

- Reimbursement Method: Fixed-Fee

- County(ies) Served: Ventura

- Duration of Agreement: 24 months

TRAINING PLAN:

- Average Cost Trainee: New Hire: $0   Retrainee: $1,357

- Type(s) of Training: Business Skills, Computer Skills, Management Skills, Continuous Improvement

- Number to be retained: New Hire: 0   Retrainee: 760

- Range of hours: 102-200

- Range of hourly wages: $10.58   to $55.00

- Prevalent hourly wage: $13.00

- Weighted average hourly wage: $15.27

- Health benefits used to meet ETP minimum wage: No

SUBCONTRACTORS:

None

THIRD PARTY SERVICES:

Applicant states consultant services have not and will not be used.

NARRATIVE:

Founded by current CEO Charles Burtzloff in 1988, Cardservice International, Inc. (Cardservice) created a single source for all electronic transaction processing needs.   In 1997, Cardservice aligned with First Data Corporation, the largest credit card processor in the world. Cardservice is a provider of noncash transaction processing including credit cards, ATM/debit cards, purchasing cards, check verification and check guarantee services. It provides a secure transport of financial transactions for businesses by leasing or selling proprietary hardware point-of-sale terminals, printers and PIN pads; and, develops software for both traditional and Internet transaction processing. It offers Internet and e-commerce processing through its state-of-the-art LinkPoint Secure Payment Gateway.

Cardservice assists merchants who provide products and services to businesses and consumers around the world by allowing them to safely and securely accept credit cards, ATM/debit cards, purchasing cards, and checks. They have a rapidly growing customer base of more than 185,000 traditional and Internet merchants and process an annual bankcard volume in excess of $12 billion.

Cardservice operates 24 hours a day, 7 days a week, 365 days a year, and its customer service representatives serve merchants in more than 140 languages and dialects. Since the company serves businesses all over the world, it has been determined that they meet the requirements for funding under Title 22, California Code of Regulations, Section 4416(a)(3)(4), out-of-state competition.

NARRATIVE: (continued)

During the last several years, the marketplace has been changing very rapidly and technology has been advancing very quickly. Customers are demanding better quality and service, and to remain competitive, the company must run more efficiently. Therefore, Cardservice must convert to a high performance workplace.

To accomplish this, Cardservice will train current workers in Continuous Improvement, Computer Skills, Business Skills, and Management Skills. This training will enable workers to analyze and deal effectively with external and internal forces that sometimes can cause the need for change in business work processes. Workers will begin to understand the team process and the roles each worker plays. They will be able to share information rapidly and leverage best practices appropriately. After training, frontline workers will be able to effectively work in teams and solve problems, instead of referring questions to management. Management staff must learn how to transfer the decision making responsibilities to the frontline workers. Then services will be enhanced, costs will decrease, and quality will be improved.

Supplemental Nature of Training

This proposed training is different from any other training the company has provided because of its scope. Its primary objective is to transition its workforce into a problem solving, customer-oriented workforce. Previous training was provided to small or isolated groups of workers on an as-needed basis, and at a very basic level.

For the last several years, Cardservice had a very small training department. The company has recently recruited an experienced training professional to lead the analysis, design, development, and implementation of training solutions. This trainer's focus will center on developing a workforce with skills that enable them to go above and beyond the core functions of their jobs; to identify and develop innovations and process improvements; and, to advancement opportunities for workers.

Foundations developed during the term of the ETP agreement will serve as a model for future training solutions provided by Cardservice. Training will provide more in-depth exposure to technological and management applications. Training budget projections for the two years beyond the term of agreement exceed $1,300,000 annually.

In-Kind Contribution

Wages paid to workers while they are in training will total $1,761,562.

COMMENTS:

Title 22, California Code of Regulations, Section 4417, Secure Jobs allows the Panel to waive the maximum turnover rate of 20 percent if the employer provides evidence that the proposed training will significantly decrease the turnover rate, or if the employer has experienced a singular reduction in their workforce.

COMMENTS: (continued)

Cardservice is requesting a waiver to ETP's 20 percent cap on company turnover rate that was, in part, the result of a one-time occurrence.   The turnover rate for Cardservice during the last calendar year was 36 percent for fulltime workers in California. The company states that the reduction in workforce can be attributed to the relocation of the company from Calabasas, California to Moorpark, California, which increased the turnover rate by 13 percent, from 23 percent to 36 percent.

Cardservice representatives have implemented a comprehensive benefits package and a wellness program for all workers. The benefits package includes not only medical, dental and vision plans, but also a 401(k) plan, life insurance, company paid disability insurance, tuition reimbursement, attendance incentive program, flexible work hours, and a rideshare program. The wellness program includes on-site chair massage therapy, discounts on fitness club membership, locker rooms and showers for those who exercise, and bike lockers to encourage employees to ride their bikes to work.

Cardservice believes that with the proposed ETP funded training, along with the numerous incentives that are now provided to employees, the turnover rate will significantly decrease, meeting or exceeding the required 20 percnet turnover rate. The ETP funded training will allow Cardservice to train workers in more depth than is traditional in this industry, and in skills which will promote competence, confidence, and satisfaction on the job. It is the company's positon that with workers seeing themselves in a more positive way, and with the benefits package now in place, employees will be motivated to remain with the company.

Because the training provided in this Agreement is expected to reduce the turnover rate, staff recommends the Panel waive the turnover rate requirement. Staff has also added language to Cardservice's Agreement that states that the company will earn the final 25 percent of the cost per trainee only if the Contractor reduces its turnover rate to 20 percent or less during the last 12 months of the Agreement. A report of the turnover rate will be submitted with the final agreement closeout invoice.

PROPOSED ACTION:

Staff recommends that the Panel approve this proposal and turnover waiver if funds are available and the project meets Panel priorities based on Cardservice International's stated need to provide its employees with skills to enhance the company's ability to remain competitive and to grow, and to ensure a continuing relationship with its customers in the community. The implementation of this proposed training will enable the company to remain viable in the California economy.

	Training Data								(c) Payment Schedule				
1	**2**	**3**	**4**	**5** (a) Cls/Lab Video- conf. Hours	**6** CBT Hours	**7** (b) SOST Hours	**8** Cost Per Trainee	**9** Total SOST Trainer Hrs.	**10** Hrs. to Enroll/ Pay 1 Enroll	**11** Pay 2 Compl	**12** Pay 3 Hired	**13** Pay 4 After 90 Days	**14** (d) Wage After Reten- tion
Job #	**Occupations**	**Type of Training**	**No. Retain**										
1	Operations Staff	Direct-Employer, Retrainees	10	12	90		$876		8 $ 219.00	$ 438.00	$ -	$ 219.00	$10.58- $25.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		12	90								
2	Operations Staff	Direct-Employer, Retrainees	23	12	96		$924		8 $ 231.00	$ 462.00	$ -	$ 231.00	$10.58- $25.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		12	96								
3	Operations Staff, Sales Staff	Direct-Employer, Retrainees	142	22	98		$1,070		8 $ 267.50	$ 535.00	$ -	$ 267.50	$10.58- $30.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		22	98								

(a) Advanced Technology must be provided as class/lab.
(b) Figures for calculation purpose only.
(c) For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.
(d) Wages by occupation on Comment Page.

									(c) Payment Schedule				
Training Data													
1	2	3	4	5 (a)	6	7	8	9	10	11	12	13	14 (d)
Job #	Occupations	Type of Training	No. Retain	Cls/Lab Video-conf. Hours	CBT Hours	(b) SOST Hours	Cost Per Trainee	Total SOST Trainer Hrs.	Hrs. to Enroll/ Pay 1 Enroll	Pay 2 Compl	Pay 3 Hired	Pay 4 After 90 Days	Wage After Reten-tion
4	Operations Staff	Direct-Employer, Retrainees	15	18	108		$1,098		8	$ 274.50	$ 549.00	$ -	$ 274.50	$10.58-$35.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		18	108								
5	Operations Staff	Direct-Employer, Retrainees	15	34	94		$1,194		8	$ 298.50	$ 597.00	$ -	$ 298.50	$10.58-$25.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		34	94								
6	Operations Staff	Direct-Employer, Retrainees	4	41	90		$1,253		8	$ 313.25	$ 626.50	$ -	$ 313.25	$10.58-$25.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		41	90								

(a)Advanced Technology must be provided as class/lab.
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(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.
(d)Wages by occupation on Comment Page.

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	Training Data								(c) Payment Schedule				
1 Job #	**2** Occupations	**3** Type of Training	**4** No. Retain	**5** **(a)** Cls/Lab Video-conf. Hours	**6** CBT Hours	**7** **(b)** SOST Hours	**8** Cost Per Trainee	**9** Total SOST Trainer Hrs.	**10** Hrs. to Enroll/ Pay 1 Enroll	**11** Pay 2 Compl	**12** Pay 3 Hired	**13** Pay 4 After 90 Days	**14** **(d)** Wage After Reten-tion
7	Operations Staff	Direct-Employer, Retrainees	24	5	130		$1,105		8	$ 276.25	$ 552.50	$ -	$ 276.25	$10.58-$25.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		5	130									
8	Communications, IT, Telecom, Marketing, Operations, Product Development, Purchasing, Strategic Partnerships, Legal Support Staff, Mail Center	Direct-Employer, Retrainees	155	4	138		$1,156		8	$ 289.00	$ 578.00	$ -	$ 289.00	$10.58-$55.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		4	138									

(a)Advanced Technology must be provided as class/lab.
(b)Figures for calculation purpose only.
(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.
(d)Wages by occupation on Comment Page.

									(c) Payment Schedule				
Training Data													
1	**2**	**3**	**4**	**5** (a) Cls/Lab Video-conf. Hours	**6** CBT Hours	**7** (b) SOST Hours	**8** Cost Per Trainee	**9** Total SOST Trainer Hrs.	**10** Hrs. to Enroll/ Pay 1 Enroll	**11** Pay 2 Compl	**12** Pay 3 Hired	**13** Pay 4 After 90 Days	**14** (d) Wage After Reten-tion
Job #	**Occupations**	**Type of Training**	**No. Retain**										
9	Operations Staff	Direct-Employer, Retrainees	165	54	96		$1,470		8	$ 367.50	$ 735.00	$ -	$ 367.50	$10.58-$30.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		54	96								
10	Operations Staff	Direct-Employer, Retrainees	10	65	96		$1,613		8	$ 403.25	$ 806.50	$ -	$ 403.25	$10.58-$25.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		65	96								
11	Operations Staff	Direct-Employer, Retrainees	8	43	124		$1,551		8	$ 387.75	$ 775.50	$ -	$ 387.75	$10.58-$35.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		43	124								

(a)Advanced Technology must be provided as class/lab.
(b)Figures for calculation purpose only.
(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.
(d)Wages by occupation on Comment Page.

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									(c) Payment Schedule				
Training Data													
1	**2**	**3**	**4**	**5** (a) Cls/Lab Video-conf. Hours	**6** CBT Hours	**7** (b) SOST Hours	**8** Cost Per Trainee	**9** Total SOST Trainer Hrs.	**10** Hrs. to Enroll/ Pay 1 Enroll	**11** Pay 2 Compl	**12** Pay 3 Hired	**13** Pay 4 After 90 Days	**14** (d) Wage After Reten-tion
Job #	Occupations	Type of Training	No. Retain										
12	Operations Staff	Direct-Employer, Retrainees	6	31	136		$1,491		8	$ 372.75	$ 745.50	$ -	$ 372.75	$10.58-$25.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		31	136								
13	Training Staff	Direct-Employer, Retrainees	11	8	186		$1,592		8	$ 398.00	$ 796.00	$ -	$ 398.00	$14.00-$30.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		8	186								
14	Manager, Supervisor	Direct-Employer, Retrainees	113	4	196		$1,620		8	$ 405.00	$ 810.00	$ -	$ 405.00	$20.00-$55.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		4	196								

(a)Advanced Technology must be provided as class/lab.
(b)Figures for calculation purpose only.
(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.
(d)Wages by occupation on Comment Page.

		Training Data							**(c) Payment Schedule**				
1	2	3	4	5 (a) Cls/Lab Video-conf. Hours	6 CBT Hours	7 (b) SOST Hours	8 Cost Per Trainee	9 Total SOST Trainer Hrs.	10 Hrs. to Enroll/ Pay 1 Enroll	11 Pay 2 Compl	12 Pay 3 Hired	13 Pay 4 After 90 Days	14 (d) Wage After Reten-tion
Job #	Occupations	Type of Training	No. Retain										
15	Operations Staff	Direct-Employer, Retrainees	5	60	140		$1,900		8	$ 475.00	$ 950.00	$ -	$ 475.00	$14.00-$25.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		60	140								
16	Operations Staff	Direct-Employer, Retrainees	50	106	94		$2,130		8	$ 532.50	$1,065.00	$ -	$ 532.50	$10.58-$25.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		106	94								
17	Operations Staff	Direct-Employer, Retrainees	4	77	123		$1,985		8	$ 496.25	$ 992.50	$ -	$ 496.25	$14.00-$25.00
687		*Trainees will receive one or more of the following Business Skills Computer Skills Management Skills Continuous Improvement*		77	123								

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(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.
(d)Wages by occupation on Comment Page.

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	Training Data								(c) Payment Schedule				
1	2	3	4	5 (a) Cls/Lab Video-conf.	6	7 (b)	8 Cost	9 Total SOST	10 Hrs. to Enroll/ Pay	11	12	13 Pay 4 After 90	14 (d) Wage After Reten-
Job #	Occupations	Type of Training	No. Retain	Hours	CBT Hours	SOST Hours	Per Trainee	Trainer Hrs.	1 Enroll	Pay 2 Compl	Pay 3 Hired	Days	tion
	Contract Totals												
Program Cost				$1,031,590			**Total to be Retained**		760				
Substantial Contribution (___%)			(-)	$0									
Multiple-Empl. Support (___%)			(+)	$0									
TOTAL ETP Funding			(=)	$1,031,590									

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

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Turnover Rate	% of Mgrs. & Sups. to be trained		Health Benefits Inc. in Wage?		
*36%	NA		NO		

Location of training: Training will be conducted at the company worksite in Moorpark during work hours.
For CBT: Training must be provided at employer site.

Ratios: The ratio of trainers to trainees for class/lab training shall not exceed 1:20 for retrainees.

If Health Benefits is "YES", please explain: NA

Other notes: *See Terms and Conditions, Page 2 of 7, Item 2g.

Wages by occupation after retention:

Occupations	Wage Range
Communications Staff	$10.58-$35.00
Training Staff	$14.00-$30.00
Managers and Supervisors	$20.00-$55.00
Operations Staff	$10.58-$35.00
Sales Staff	$10.58-$19.23
IT Staff	$15.00-$55.00
Telecom Staff	$14.95-$30.00
Marketing	$17.46-$35.00
Product Development	$16.86-$30.00
Purchasing Staff	$10.58-$28.60
Strategic Partnerships	$18.66-$30.00
Legal Support Staff	$11.00-$30.00
Mail Center	$10.58-$11.90